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Final Minutes

MINUTES OF THE MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE FOR
THE FEDERAL RESERVE SYSTEM HELD AT THE FEDERAL RESERVE BANK
OF NEW YORK, JANUARY 18, 1926

1/18/26

The following were present:

Governors Strong, Harding, Norris, Fancher and McDougal
Deputy Governor Case
Mr. W. B. Matteson, Secretary of the Committee

Honorable D. R. Crissinger, Governor of the Federal Reserve Board,
was also present.

The meeting was called to order by Governor Strong, Chairman, at
10:30 a. m.

Copies of the minutes of the last meeting of the Committee held
on December 1, 1925 were distributed whereupon it was duly

VOTED that they be approved.

Mr. Case submitted a report on foreign accounts which are participated in by all Federal reserve banks and after discussion it was duly

VOTED that the report be received, placed on file, and distributed to the Governors of all Federal reserve banks for their confidential use.

Reports were submitted by the Chairman concerning credit conditions and future program, and by the Secretary of the Committee giving data with respect to details of operation; all of which were ordered filed and copies sent to the other Federal reserve banks not represented at the meeting.

Full discussion was had with respect to the disposition of the \$50,000,000 short-term Government securities which were acquired the latter part of December 1925, for resale possibly in January 1926. In view of the existing conditions in the market and the fact that there are \$65,000,000 of March maturities in the account it was agreed (Governor Crissinger concurring) that while it is not advisable to sell the \$50,000,000 Governments

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immediately the situation should be carefully watched in order that action might be taken at any time that developments disclose the desirability of selling.

The exhibits accompanying the Secretary's report, showing in detail the present distribution of System purchases under the plan agreed upon by the Committee, were studied carefully and there followed an extended discussion with respect thereto. It was the sense of the meeting that all purchases of bills made by Federal Reserve Banks in cities outside of New York in excess of the prorata share of such purchasing bank should in future be allotted proportionately to all participating banks. Governor Harding stated that he would acquaint his directors with the views of the Committee and advise Mr. Case at an early date of the Boston bank's decision.

The question of the practice of purchasing bills in the several bill markets was discussed at some length and in order to clarify the situation the Chairman was requested to ask Mr. Kenzel to prepare a memorandum to be sent to the members of the Committee outlining the practice of the New York bank in this regard.

The meeting duly adjourned at 1:00 p. m.

(Signed) W. B. MATTESON

Secretary.